

Message Text

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 10653 01 OF 02 111518Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 LAB-04 SIL-01 CIEP-01 OMB-01 TRSE-00 CEA-01

FRB-03 /076 W

----- 016816

R 111455Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2792

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 10653

E.O. 11652: GDS

TAGS: PGOV, PINT, EGEN, UK

SUBJ: CONSERVATIVE PARTY - ECONOMIC POLICY DEBATE

REF: LONDON 10617

1. ACCORDING CONSERVATIVE PARTY RESEARCHER (NIGEL FORE-
MAN) JULY 9, THERE ARE BASICALLY THREE GROUPINGS OF
OPINION AMONG CONSERVATIVE MP'S ON ECONOMIC POLICY. THERE
IS THE WALKERITE GROUP (PETER WALKER AND HIS GROUP NUMBER-
ING ABOUT A DOZEN) WHO BELIEVE BRITAIN'S INFLATION CAN BE
CONFIDENTIAL
CONFIDENTIAL

PAGE 02 LONDON 10653 01 OF 02 111518Z

BROUGHT UNDER CONTROL ONLY THROUGH INSTITUTION OF A STATU-
TORY INCOMES POLICY. THEY SUPPORT HEALEY ON THE RESERVA-

TION OF A THREAT TO INTRODUCE LEGISLATION FREEZING WAGES OR ESTABLISHING A CEILING, AND THEY BELIEVE HEALEY WILL BE FORCED TO IMPOSE THIS LEGISLATION. THEY BELIEVE, THOUGH, THAT A STATUTORY POLICY SHOULD BE INSTITUTED NOW RATHER THAN THREATENED OR "RESERVED". THEIR VIEWS, IN PART, STEM FROM ASSOCIATION WITH THE LAST MONTHS OF THE HEATH GOVERNMENT. THEY HAVE LITTLE INFLUENCE OUTSIDE OF THEIR IMMEDIATE GROUP, PROBABLY BECAUSE OF THE IMPRESSION THEY HAVE CREATED THAT PART OF THEIR ARGUMENT IS A JUSTIFICATION OF HEATH'S "VISION" AS LEADER AND A WIDESPREAD BELIEF AMONG CONSERVATIVE MP'S THAT THEY ARE ACTIVELY WORKING FOR THE DOWNFALL OF MRS. THATCHER.

2. AT THE OTHER END OF THE SPECTRUM IS A SOMEWHAT LARGER GROUP OF CONSERVATIVE MP'S WHO BELIEVE THAT A STRICT MONETARY POLICY IS THE PRIMARY WEAPON ANY BRITISH GOVERNMENT MUST USE TO COMBAT INFLATION. FOREMAN SAID THAT MRS. THATCHER STARTED OUT AS A SPOKESMAN FOR THIS GROUP, BUT NO LONGER SEEMS SO CONVINCED OF THE RIGHTNESS OF A PURELY MONETARY SOLUTION FOR BRITAIN'S ECONOMIC ILLS.

3. THE THIRD GROUP, ACCORDING TO FOREMAN, IS THE GREAT "GRAY MASS" IN THE MIDDLE BETWEEN THE TWO EXTREMES. (FOREMAN RATHER UNCHARITABLY REFERRED TO THIS GROUP AS "BACK-BENCHERS AND BACKWOODSMEN"). THIS GROUP WOULD PROBABLY "GO ALONG WITH" WHATEVER THE SHADOW CABINET ESPOUSE AS "THE" CONSERVATIVE ECONOMIC POLICY.

4. FOREMAN SAID THAT THE SHADOW CABINET ITSELF REMAINS DIVIDED INTO ESSENTIALLY THE SAME THREE GROUPS. A SHADOW CABINET MEETING WAS TO BE HELD JULY 9 TO ATTEMPT ONCE AGAIN TO THRASH OUT AN AGREEMENT. THERE HAVE BEEN PREVIOUS MEETINGS FOR A SIMILAR PURPOSE WITHOUT SUCCESS, HE SAID. SOME COMMUNALITY WAS REQUIRED SO THAT CONSERVATIVE SPEAKERS COULD PERFORM BETTER IN PARLIAMENTARY DEBATE. CONSERVATIVES EXPECT HEALEY'S PROMISED WHITE PAPER ON NEW ECONOMIC MEASURES JULY 11 AND DEBATE IN COMMONS BEGINNING JULY 21.

CONFIDENTIAL
CONFIDENTIAL

PAGE 03 LONDON 10653 01 OF 02 111518Z

5. THERE ARE SOME ADDITIONAL FEATURES TO THE DEBATE, FOREMAN SAID. WHILE THE SHADOW CABINET SEEMS TO BE GENERALLY AGREED ON THE NEED TO CUT PUBLIC EXPENDITURES, MOST MEMBERS BELIEVE SUCH CUTTING SHOULD BE SELECTIVE AND NOT ACROSS THE BOARD. SHADOW MINISTER OF DEFENSE GEORGE YOUNGER, FOR EXAMPLE, BELIEVES CONSERVATIVES MUST PRESS GOVERNMENT FOR INCREASED SPENDING ON DEFENSE, WITH RESULTANT NEED TO CUT SOME SOCIAL SERVICES EVEN FURTHER.

6. COMMENT: IN AN EARLIER CONVERSATION WITH EMBASSY

OFFICER, PETER WALKER GAVE A REMARKABLY SIMILAR PICTURE OF THE VARIOUS SCHOOLS OF CONSERVATIVE ECONOMIC POLICY DIFFERENCES WITH, OF COURSE, HIS OWN PREJUDICES. HE POINT-ED OUT THAT MRS. THATCHER WAS ELECTED LEADER WITH THE SUPPORT OF A RELATIVELY SMALL NUMBER OF MONETARISTS AND NOW FOUND HERSELF "IN DEBT" TO THIS GROUP. HE SAID HE BELIEVED SHE PERSONALLY WAS NO LONGER EXCLUSIVELY A MONETARIST AND WOULD INCREASINGLY HAVE TO MOVE AWAY FROM THIS GROUP.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 10653 02 OF 02 111516Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 LAB-04 SIL-01 CIEP-01 OMB-01 TRSE-00 CEA-01

FRB-03 /076 W

----- 016840

R 111455Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2793

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 10653

7. IT IS PERHAPS WORTH NOTING IN ADDITION THAT FOREMAN SKIRTED ANY REAL DISCUSSION OF SIR KEITH JOSEPH'S ROLE IN THE CONSERVATIVE DEBATE. WHILE JOSEPH IS OFTEN LABELLED PURELY AND SIMPLY A MONETARIST, IT IS PERHAPS NOT ALL THAT SIMPLE. FOREMAN MAY ALSO HAVE BEEN OVERLY CAUTIOUS ABOUT SIR KEITH BECAUSE OF UNCERTAINTY ABOUT THE PRESENT AND FUTURE ROLE OF SIR KEITH'S CENTER FOR POLICY STUDIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 10653 02 OF 02 111516Z

(REFERENCE LONDON'S A-207) WHICH IS IN SOME WAYS A POSSIBLE COMPETITOR WITH FOREMAN'S CONSERVATIVE PARTY RESEARCH ORGANIZATION.

8. IN REGARD TO SPEECHES HEATH HAS GIVEN OVERSEAS ON THE BRITISH CRISIS, FOREMAN SAID QUITE FORTHRIGHTLY THAT THEY WERE DESIGNED TO KEEP HEATH'S NAME IN THE FOREFRONT AS AN OUTSPOKEN CONSERVATIVE ALTERNATIVE TO MRS. THATCHER AND COMPANY ON ECONOMIC POLICY. HEATH PROBABLY SEES, FOREMAN SAID, HIS ONLY ROAD BACK TO POWER AND INFLUENCE (I.E., RETURN AS LEADER OF THE PARTY) THROUGH NATIONAL UNITY (I.E., A COALITION GOVERNMENT) AND THUS HE WILL TRY TO KEEP HIMSELF IN THE MEDIA SPOTLIGHT FROM TIME TO TIME, PARTICULARLY ON ECONOMIC TOPICS.

RICHARDSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, INFLATION, POLITICAL PARTIES, ECONOMIC PROGRAMS, WAGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON10653
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750240-0608
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750765/aaaacfyx.tel
Line Count: 202
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LONDON 10617
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by SmithRJ>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONSERVATIVE PARTY - ECONOMIC POLICY DEBATE
TAGS: PGOV, PINT, EGEN, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006